

Subpart B—Procedures**§ 215.3 Procedures for entering into a Withholding Agreement.**

(a) Subpart C of this part is the Withholding Agreement which the Secretary will enter into with a State, city or county. A State, city or county which does not have an existing withholding agreement with the Secretary and wishes to enter into such an agreement shall indicate in a letter its consent to be bound by the provisions of Subpart C. The letter shall be sent to the Secretary by addressing the request to: Assistant Commissioner, Federal Finance, Financial Management Service, Department of the Treasury, 401 14th Street, SW., Washington, DC 20227. The letter shall be signed by an officer authorized to bind contractually the State, city or county. Copies of all applicable State laws, city or county ordinances and implementing regulations, instructions, and forms shall be enclosed. The letter shall also indicate the title and address of the official whom Federal agencies may contact to obtain forms and other information necessary to implement withholding.

(b) Within 120 days of the receipt of the letter from the State, city or county official, the Secretary will, by letter, notify the State, city or county:

(1) That a Withholding Agreement has been entered into as of the date of the Secretary's letter, or

(2) That a Withholding Agreement cannot be entered into with the State, city or county and the reason for that determination.

(c) The withholding of the State, city or county income or employment tax shall commence within 90 days after the effective date of the agreement.

[71 FR 2150, Jan. 13, 2006]

§ 215.4 Relationship of Withholding Agreement to prior agreements.

Jurisdictions which requested from Treasury an agreement other than the Withholding Agreement set forth in Subpart C (formerly known as the Standard Agreement) within 90 days after July 1, 1977, which request Treasury subsequently approved, will continue to be governed by such agreement. For all other jurisdictions, the

Withholding Agreement set forth in Subpart C replaced all prior agreements between the Secretary and a taxing jurisdiction for the withholding of income or employment taxes from the compensation of Federal employees, and any jurisdiction which was a party to a prior agreement is presumed to have consented to be bound by the Withholding Agreement set forth in Subpart C.

[71 FR 2150, Jan. 13, 2006]

Subpart C—Withholding Agreement**§ 215.5 In general.**

This subpart is the text of the Withholding Agreement between the Secretary and the State, city or county. The terms used in this agreement are defined in § 215.2 of this part.

[42 FR 33731, July 1, 1977. Redesignated and amended at 71 FR 2150, Jan. 13, 2006]

§ 215.6 Parties.

The parties to this agreement are the Secretary and the State, city or county which has entered into this agreement pursuant to 5 U.S.C. 5516, 5517, or 5520 and Executive Order 11997 (June 22, 1977).

[42 FR 33731, July 1, 1977. Redesignated at 71 FR 2150, Jan. 13, 2006]

§ 215.7 Compliance by agencies.

(a) In the case of an agreement with a State, the head of each agency is required to withhold State income taxes from the compensation of:

(1) Employees of such agency who are subject to such taxes and whose regular place of Federal employment is within the State, and

(2) Members of the Armed Forces who are subject to such taxes and who are legal residents of the State.

The foregoing is also applicable with respect to a State whose statutes permit but do not require withholding by employers, provided the employee voluntarily elects to have such tax withheld.

(b) In the case of an agreement with a city or county, the head of each agency is required to withhold city or county income or employment taxes from